



# Montgomery County Council

**For Immediate Release**

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## **STATEMENT BY COUNCIL PRESIDENT PEREZ ON COUNTY BUDGET SITUATION**

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The five public hearings that we have just completed on the Executive's recommended operating budget for FY2006 were illuminating. We heard from nearly 150 members of the community with a variety of perspectives. And we heard a great deal as well from each other.

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I am always humbled and heartened when I listen to so many of our community members, whether it is the student who spoke so eloquently about the benefit of his after school program with Identity, the Conservation Corps members who have turned their lives around, or the student body president from Montgomery College who is already one of today's leaders, and will undoubtedly be one of tomorrow's. And I am inspired that there are so many people who continue to speak up on behalf of the voiceless, whether it is someone advocating on behalf of more library personnel at the jail, or others advocating for health care for the uninsured.

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In the weeks ahead, our task is to craft a budget that is fiscally and morally responsible. Budgets are moral documents, and there has been a wholesale abdication of responsibility in Washington, D.C. and Annapolis. The federal budget is neither fiscally nor morally responsible. The Bush administration and the Republican Congress are outsourcing responsibility for protecting vulnerable people and building communities to local governments. The Ehrlich administration's plan for addressing the health care crisis is to kick 4000 legal immigrants off of the Medicaid roles. The bulk of these newly uninsured are pregnant women and children. As we have said time and time again, we cannot possibly backfill the entire trail of broken promises. Fiscal and moral responsibility need not be mutually exclusive values, and I remain confident that we can craft a budget that meets both goals.

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What I took away from the hearings is that we have a number of competing values, all of which are important.

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Our success as a County has been an outgrowth of our moral compact with our residents. We are a great place to live, and people recognize that you get what you pay for and success does not come on the cheap. A related value is our concern that the rising tide lift all boats, and there be a safety net for our most vulnerable residents.

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Still another value is fiscal responsibility. During the public hearings we engaged the speakers and each other on the subject of the Charter limit on property tax revenue. The Fairness in Taxation amendment of 1990, or Charter limit, has a presumption that we will restrain the growth of property tax revenue, and therefore of the property tax bills of County homeowners.

*(more...)*

This is not an immutable presumption because there is an override provision, but it is an important presumption nonetheless that we must all acknowledge. Last year was the low-water mark for Mr. Ficker in his efforts to impose a rigid property tax cap, but we also know that rising property assessments have produced real and legitimate concern among many of our residents.

As our Committee worksessions on the budget get underway in full this week, we need to review the School Board's and the Executive's recommendations carefully. Taken one by one, they are interesting and in some cases compelling. I am personally very excited about many of the Executive's proposals. At the same time, I recognize that taken together, they produce a very large increase in the budget. The problem is that we have size 12 needs but financial room for a size 9 budget.

On one level, the task of handcrafting a balanced budget- may seem to be easier than in years past because the local economy has improved. However, while the gap is not as great as in years past, the expectations gap this year is significant. Expectations are very high this year. Frankly, in a number of cases, expectations are unrealistically high. We can and will reduce a number of the Executive's proposals, just as we have done in the past.

That is why I have asked the Committees, as they review the Executive's proposed program expansions and new initiatives, to determine whether some of them should be considered for gradual implementation, reduction, or outright elimination. It is also important to look at the base budget to determine whether there are items that can be reduced or eliminated.

This is all the more important because Councilmembers have already identified potential claims on resources that differ from the Executive's, such as fire apparatus and staffing, information technology upgrades, infrastructure maintenance needs, and human services programs, including the open community grant process that we have initiated this year.

We need to explore whether further property tax relief, including a larger rate cut and targeted "circuitbreaker" relief, can be achieved. I personally want to work hard to this end, and I believe that my colleagues do as well.

That is why I have suggested that Committees make target reductions in the budgets of all agencies – reductions that can be placed on the reconciliation list for further consideration if a Committee so determines. The total reduction target is about \$34 million. I selected this figure because it is approximately what the majority of the Management and Fiscal Policy proposed in December for the level of property tax revenue – half way between current rates and the Charter limit. I believe that we should use this reduction target as a floor, not a ceiling. I am confident that we can find a way to provide additional property tax relief above and beyond what the County Executive has proposed. If there is a way to craft a budget that is fiscally and morally responsible, and allows us to return to the Charter limit, I am all ears.

This continues to be a work in progress, and we will continue to solicit input from all stakeholders. What we all need to remember as we start this process is that there are many legitimate viewpoints and concerns, and that no one person or perspective has the moral high ground here. I am confident that as we work together over the next six weeks to develop a final County budget for FY 2006, we will succeed in producing a budget that responds to the needs and concerns of our entire community.

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